

## Message Text

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ORIGIN ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 L-03 CIAE-00  
INR-10 NSAE-00 OMB-01 /037 R

DRAFTED BY ARA/ECP:DTAHER:LJ  
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ARA/AND:VGRAHAM (DRAFT)  
ARA/AND:MBARNEBEY (DRAFT)  
ARA/ECP:SHROGERS

-----012085 281253Z /43

P 281240Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY CARACAS PRIORITY

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E.O. 11652: N/A

TAGS: ECRE, VE

SUBJECT: ATKINSON COMPANY PROBLEMS IN VENEZUELA

1. GUY F. ATKINSON COMPANY OFFICIALS, ACCOMPANIED BY THE FIRM'S VENEZUELAN ATTORNEYS, MET WITH DEPUTY ASSISTANT SECRETARY ARELLANO ON MARCH 22 TO EXPRESS FIRM'S CONCERN OVER THE VENEZUELAN GOVERNMENT'S CONTINUING ARREARAGES IN PAYMENTS TO THE COMPANY.

2. ATKINSON IS PRIME CONTRACTOR IN TURIMIQUIRE DAM PROJECT DEVELOPED BY VENEZUELAN GOVERNMENT AGENCY, INOS, TO HELP MEET MUNICIPAL WATER NEEDS IN NORTH CENTRAL VENEZUELA. FIRM STATED THAT ITS RELATIONS WITH INOS ARE EXCELLENT AND THAT THERE IS ALSO A GOOD WORKING RELATIONSHIP WITH TWO VENEZUELAN CONSTRUCTION FIRMS PARTICIPATING IN THE PROJECT. HOWEVER, INOS HAS PERSISTENTLY FAILED TO MEET THE MONTHLY

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PAYMENT SCHEDULE CALLED FOR IN ITS CONTRACT WITH ATKINSON WHICH HAS RESULTED IN A 4 TO 5 MONTH DELAY WITH ARREARAGES AMOUNTING TO \$10 MILLION. MOREOVER, TURIMIQUIRE PROJECT IS ENTERING INTO ITS MAJOR PHASE WHICH, IF ARREARAGES PERSIST, COULD INCREASE ATKINSON'S EXPOSURE TO \$25 MILLION. THIS AMOUNT OF EXPOSURE WOULD UNDULY STRAIN THE COMPANY'S

RESOURCES AND IS UNACCEPTABLE.

3. FIRM STATES THAT IT HAS REPEATEDLY BROUGHT THIS MATTER TO INOS' ATTENTION WITHOUT MUCH SUCCESS. ATTEMPT TO WORK OUT A COMPROMISE INVOLVING INOS PROMISSORY NOTES FAILED. FIRM BELIEVES THAT IF SITUATION DOES NOT IMPROVE, IT WILL HAVE NO CHOICE BUT TO DELAY OR HALT WORK ON IMPORTANT TURIMIQUIRE PROJECT.

4. DEPARTMENT OFFICERS POINTED OUT THAT PAYMENT DELAYS BY LATIN AMERICAN GOVERNMENT AGENCIES ARE A COMMON OCCURRENCE. ATKINSON OFFICIALS ADMITTED PART OF THE PROBLEM COULD BE TRACED TO FIRM'S NAIVETE WHEN ENTERING INTO CONTRACT WITH INOS. FIRM POINTS OUT THAT ITS PARTICIPATION IN PROJECT HAS RESULTED IN SUBSTANTIAL EXPORTS OF U.S. EQUIPMENT AND SERVICES AND HALTING OR SLOWING DOWN PROJECT MAY REDUCE THAT FLOW. THEY ASKED FOR USG ASSISTANCE.

5. WE INFORMED ATKINSON OFFICIALS THAT THERE APPEARED TO BE RELATIVELY LITTLE THAT THE USG COULD USE AS A PRETEXT TO INTERVENE IN THIS MATTER. THIS IS NOT A CONTRACT DISPUTE. INOS IS NOT REFUSING TO PAY. IT IS NOT DISCRIMINATING AGAINST ATKINSON. AGENCY APPARENTLY IS SLOW IN MEETING ITS PAYMENTS TO ALL CREDITORS. HOWEVER, DEPARTMENT DID AGREE TO REQUEST THAT EMBASSY MAKE LIMITED OFFICIAL USE

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LOW KEY APPROACH TO INOS (OR OTHER GOV ENTITIES AS APPROPRIATE) TO POINT OUT DIFFICULT POSITION COMPANY IS IN AS RESULT OF ARREARAGES AND POSSIBLE CONSEQUENCES TO SCHEDULED COMPLETION OF PROJECT. WE WOULD APPRECIATE EMBASSY'S VIEWS AND REPORT AS RESULT OF APPROACH. VANCE

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, DEBT REPAYMENTS, SERVICE CONTRACTS, DAMS  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Executive Order:** N/A  
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**TAGS:** ECRE, EFIN, VE, US, (ATKINSON, GUY F)  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014